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DEPARTMENT OF STATE
THE DIPLOMATIC AND INTELLIGENCE SERVICE~~DECLASSIFIED~~

NOV 9 1962

TO : G - Mr. Johnson

THROUGH : S/B

FROM : IER - Thomas L. Hughes *THA*

SUBJECT : The Impact of Depriving the Soviet Bloc of Use of Free World Tankers for the Cuban Trade

An inability to charter or to use Free World tankers to carry Soviet petroleum to Cuba would be an annoyance to the USSR, but it would not prevent the USSR from providing for Cuban requirements. Current inventories in Cuba plus continued deliveries of POL on bloc tankers already carrying Soviet oil to Cuba would give the Soviets at least three months to divert tankers from other routes. This is adequate for making the adjustment without undue difficulty or expense.

Facts

CLASSIFIED DECLASSIFIED DATE 11-6-85
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 AUTHORITY TO ADD

1. Petroleum consumption in Cuba is estimated to be about 90,000 barrels per day, virtually all of which is imported from the USSR.
2. Inventories of crude and products now in Cuba are estimated to be sufficient for 75 days' consumption at the current levels of usage.
3. Approximately 50 percent of Soviet POL deliveries is carried on Free World tankers, primarily flag vessels from the United Kingdom and Greece, to a lesser extent vessels from Italy, Norway, and Yugoslavia.
4. The tanker fleet of the Soviet bloc (excluding Communist China) consists of 174 vessels of 1.3 million gross registered tons.

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Implications

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1. The normal consumption rate in Cuba could continue for about 150 days with supply increments coming only on bloc tankers already carrying POL to Cuba. Assuming that a strong effort would be made to prevent a reduction of inventories to less than 30 days' supply, because this could lead to costly dislocations, the Soviets would still have approximately 30 days in which to step up deliveries on their vessels.

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2. Moderate rationing, permitting continuation of all essential and many nonessential uses and reducing consumption to 75 percent of normal, would stretch the adjustment period to about 10 months.
3. The maximum time needed by the USSR to divert any particular tanker from some other use would be approximately 90 days. Many tankers could be diverted within a much shorter period, some within a matter of days. The diversions necessary to maintain the flow of POL to Cuba at normal rates, but entirely on bloc vessels, could probably be made within 30-45 days. This would necessitate the employment in Cuban trade of additional bloc tankers of 300,000-400,000 gross registered tons. Approximately one-half of the bloc tanker fleet would be engaged in the Cuban trade.
4. Only minimal problems would be incurred in shifting chartered tankers from Cuban to other Soviet routes, particularly to Free World countries, i.e., those which are now serviced by the bloc tankers that would be diverted to the Cuban trade. The tanker market is sufficiently oversupplied at the present time that few, if any, Free World tanker owners would hesitate to make the change. Any impact on charter rates would be insignificant.
5. Unless all or nearly all Free World countries supplying tankers for charter in significant volume (and there are at least 15 countries in this class) prohibit charters for the Cuban POL trade, the Soviets probably will be able to continue chartering from Free World owners. If those countries now chartering for the Cuban trade were to prohibit such charters (or if, as is only remotely possible, the owners involved were to be convinced that they should voluntarily drop this business), the Soviets probably would be able to find substitutes elsewhere in the Free World only by offering premium fixture prices.

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